



## State of Tennessee

Justin P. Wilson, State Comptroller

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### Comptroller Releases ‘Roadmap to Tax Increment Financing’

Comptroller Justin P. Wilson is trying to take some of the mystery out of tax increment financing (TIF) by sending brochures about the economic development tool to local government and economic development officials throughout the state.

The brochure outlines, in plain language, the changes to tax increment financing law that were approved by the Tennessee General Assembly earlier this year. The changes provide greater clarity and simplicity to the law. For example, the new law should ease past legal concerns about using tax increment financing to pay the cost of private use structures such as manufacturing plants. Under the new law, that type of use must first be reviewed by the state to determine whether the project is in the state’s best interest.

Tax increment financing is a method for using tax revenue from property improvements to finance the cost of those improvements. For example, a vacant parcel of land might be valued at \$100,000 for tax purposes, but building a new manufacturing plant on the site increases that property value to \$1 million. Tax increment financing allows the cost of building the plant to be repaid using the difference in property taxes collected for the pre-improvement value vs. the post-improvement value. (In this example, property tax revenues collected for \$900,000 of the property’s total value.)

“Tax increment financing can be a valuable incentive to spur new development that will add much-needed jobs in communities throughout our state,” Comptroller Justin P. Wilson said. “In the past, some communities may have shied away from using tax increment financing because they didn’t fully understand the law. We hope these changes, which we highlight in our brochure, will make tax increment financing more user-friendly for our counties and cities.”

To view the brochure online, go to: [http://www.comptroller.tn.gov/repository/NR/4\\_PageRoadmap.pdf](http://www.comptroller.tn.gov/repository/NR/4_PageRoadmap.pdf)

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